

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

 **ORIGINAL**

September 18, 2009 - 10:11 a.m.
Concord, New Hampshire

**RE: DE 09-137
UNITIL ENERGY SYSTEMS, INC.
PETITION FOR APPROVAL OF DISTRIBUTED ENERGY
RESOURCES INVESTMENT PROPOSAL AND PROPOSED
TARIFF
(PREHEARING CONFERENCE)**

PRESENT:

Chairman Thomas B. Getz, Presiding
Commissioner Clifton C. Below
Commissioner Amy L. Ignatius

Sandy Deno - Clerk

APPEARANCES:

Reptg. Unitil Energy Systems, Inc.:
Susan Geiger

Reptg. PUC Staff:
Suzanne Amidon

Reptg. Office of Consumer Advocate:
Kenneth Traum

Reptg. Revolution Energy:
Clayton R. Mitchell

COURT REPORTER: Susan J. Robidas, LCR/RPR No. 44



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P R O C E E D I N G S

CHAIRMAN GETZ: We'll open the prehearing conference in Docket DE 09-137.

On August 5, 2009, Unitil Energy Systems filed a petition pursuant to R.S.A. 374-G requesting several approvals in connection with distributed energy resource projects, including approval of proposals regarding a two-stage framework for review of its investment proposals, a project screening process, a rate-recovery mechanism and tariff on its 2009 program. Order suspending the tariff and scheduling the prehearing conference was issued on September 4, 2009.

Note for the record that we have a letter of participation from the Office of Consumer Advocate, and we have a petition to intervene from Revolution Energy.

Can we take appearances, please.

MS. GEIGER: Good morning, Mr. Chairman, Commissioner Below, Commissioner Ignatius. I'm Susan Geiger from the law firm of Orr & Reno, and I represent Unitil Energy

1 Systems, Inc.

2 CHAIRMAN GETZ: Good morning.

3 MR. TRAUM: Good morning, Mr.
4 Chairman and Commissioners. Representing the
5 Office of Consumer Advocate this morning, Kenneth
6 Traum. And with me is Stephen Eckberg.

7 CHAIRMAN GETZ: Good morning.

8 MR. MITCHELL: Good morning,
9 Mr. Chairman. My name is Clayton Mitchell, and I
10 represent Revolution Energy.

11 CHAIRMAN GETZ: Good morning.

12 MS. AMIDON: Thank you.
13 Suzanne Amidon for Commission Staff. And with me
14 today is Al-Azad Iqbal, an analyst with the
15 electric division.

16 CHAIRMAN GETZ: Good morning.

17 Do we have the affidavit of
18 publication?

19 CLERK: I gave it to you.

20 CHAIRMAN GETZ: It's right
21 here. Okay. So I'll note for the record that
22 the affidavit has been filed.

23 Before we hear statements of
24 positions of parties, any objection to the

1 petition to intervene?

2 MS. GEIGER: No objection.

3 MR. TRAUM: The OCA does not
4 object.

5 MS. AMIDON: We have no
6 problem with the motion to intervene.

7 CHAIRMAN GETZ: Okay. Thank
8 you. Then let's turn to the company to begin
9 with statements of positions.

10 MS. GEIGER: Yes. Thank you,
11 Mr. Chairman.

12 As an initial matter, I'd like
13 to draw the Commission's attention to the fact
14 that no one from the company could be here today
15 for this prehearing conference because there's a
16 three-state, system-wide, all-hands emergency
17 storm drill in progress today. And I believe
18 Staff members from this Commission and I believe
19 the other commissions -- Maine and
20 Massachusetts -- are also observing that storm
21 drill. So that's something that the company's
22 counsel wanted me to let the Commission know and
23 let the record reflect.

24 Unitil appreciates the fact

1 that the Commission has accommodated the storm
2 drill schedule by scheduling the technical
3 session for September 22nd in this docket instead
4 of immediately after this prehearing conference,
5 which is usually the case. Again, there's no one
6 from the company available to participate in
7 that. However, on September 22nd, all of the
8 company's witnesses who filed prefiled testimony
9 in this docket will be available for the
10 technical session and will be there to answer
11 questions and participate fully in that process.

12 As far as a preliminary
13 statement on the filing, Unitil believes this is
14 the first utility filing that's been made under
15 R.S.A. 374-G; and as such, the company
16 understands and appreciates that the Commission
17 will be plowing new ground here and that the
18 Commission will be, and Staff, will be carefully
19 scrutinizing the filing. The company looks
20 forward to working with Staff, the OCA and other
21 interested parties in reviewing and answering any
22 questions that they might have and any concerns
23 they might have. And even though there's been no
24 procedural schedule issued for this docket, yet

1 discovery is well underway, the company's in the
2 process of answering three rounds of data
3 requests that have been submitted by Staff. And
4 I believe each set is comprised of around 50
5 questions. So, progress is being made to
6 evaluate the docket -- or evaluate the filing.
7 The company is mindful also that the statute
8 provides a very brief review period for the
9 Commission, and therefore is sensitive to the
10 Commission's and Staff's needs to review the
11 filing in a very short period of time. And the
12 company will continue to cooperate with Staff and
13 the other parties to assist in a timely review of
14 the filing.

15 Turning to the filing itself,
16 the Commission's order of notice, we believe,
17 accurately summarizes the major components of the
18 filing; and, therefore, I won't repeat those
19 things now, other than to say we believe that the
20 filing complies with the applicable statutes that
21 were noted in the order of notice and that the
22 filing should be approved. Thank you.

23 CHAIRMAN GETZ: Thank you.

24 Mr. Traum.

1 MR. TRAUM: Thank you, sir.

2 The Office of Consumer

3 Advocate is pleased that the company has made
4 this filing under 374-G. And at this point, I'll
5 just say that, recognizing the devil is in the
6 details, we look forward to a thorough
7 examination.

8 CHAIRMAN GETZ: Thank you.

9 Dr. Mitchell.

10 MR. MITCHELL: Is this
11 supposed to be on? Is there a light? Okay. I'm
12 sorry. This is my first time here, and I
13 apologize. I don't know what kind of discretion
14 I have to make a statement. I just want to
15 provide some context for who we are, what we're
16 doing and why time is of the essence with respect
17 to our petition in this process.

18 Revolution Energy is a new
19 company. We've been around for a year. During
20 that year we've been developing this project,
21 actually. And it's a relatively new model. And
22 what it is, is it essentially represents
23 third-party financing for energy efficiency and
24 sustainable energy systems. And our company is

1 going to use that model to access federal
2 incentives that are time-sensitive. They expire
3 at the end of 2010. They basically take the
4 investment tax credit and convert it to a tax
5 grant, which would allow us to access that money
6 virtually within 60 days to supplement our
7 project so that we can lower the cost to the
8 school, who is the end-use customer of our
9 efficiency and our generation equipment.

10 Unitil's contribution is
11 intended to, for our company, offset the pain and
12 suffering associated with starting up a business,
13 developing this unique model and providing us
14 with the kind of flexibility that allows us to
15 deploy it. We have projects, two and three, kind
16 of lined up and waiting in the wings at other
17 schools. And we plan on rolling this model out
18 to as many schools as we can that have a desire
19 to seek sustainable energy and that have deferred
20 maintenance on their heat system. And there's
21 quite a few in this state.

22 The essential role for us is
23 to try and find out how this process is going to
24 go forward, because we're ready to install.

1 We've identified equipment. We have most of the
2 financing in place. And unfortunately, because
3 the heat system is in such bad condition at the
4 old Exeter High School, we are ready to install
5 the system now.

6 So, you know, we are -- like I
7 said, we've been waiting -- or we've been
8 developing this project for a year. We
9 understand this is the first of its kind with
10 respect to the Commission and that this is a
11 complicated proceeding. We were kind of trying
12 to operate within the 90-day framework, but we
13 see that that may no longer be applicable to
14 this. So we are here to provide information. We
15 can support anything related to the economic
16 energy and emission benefits of this project, and
17 we can talk about some of the other intangible
18 effects. We plan on including several of the
19 classes at the SST during the installation
20 process: The welding class, the pre-engineering
21 class and the construction management class.
22 We've met with faculty, and these people are all
23 waiting to go as this project moves to
24 installation. And then we have a long-term

1 10-year relationship with the school around which
2 we will develop energy efficiency programs, as
3 well as educational curricula. That's my
4 statement for why we're here and what we're
5 doing. Thank you.

6 CHAIRMAN GETZ: Thank you.

7 Ms. Amidon.

8 MS. AMIDON: Thank you,
9 Commissioners. The filing is the first petition
10 that the Commission has received under R.S.A.
11 374-G, which was enacted about a year ago. And
12 the filing has policy implication, and it has
13 rate implications for ratepayers as well. As has
14 been noted, Staff has commenced discovery, and we
15 anticipate thoroughly investigating this filing
16 before we can make a recommendation to the
17 Commission. Consequently, we take no position
18 now with respect to the merits of the filing or
19 as to whether or not it is appropriate to take a
20 two-step process in the implementation of R.S.A.
21 374-G. And as previously noted, we will have a
22 technical session next Tuesday, September 22nd,
23 and we'll be filing a report with the Commission
24 following that technical session with a proposed

1 procedural schedule.

2 CHAIRMAN GETZ: Thank you.

3 One administrative matter. Recognizing that
4 Revolution Energy has demonstrated a right, duty,
5 privilege or interest and would be affected by
6 the proceeding, we'll grant the petition to
7 intervene. Any questions? Questions?

8 (No verbal response)

9 CHAIRMAN GETZ: Okay. No
10 questions from the bench at this point. Anything
11 else we need to address this morning?

12 MS. AMIDON: I just wanted to
13 thank you for scheduling the prehearing
14 conference today, even though the company wasn't
15 able to come, because it allows us to formally
16 commence this proceeding and get moving with a
17 thorough review of the docket. So, thank you.

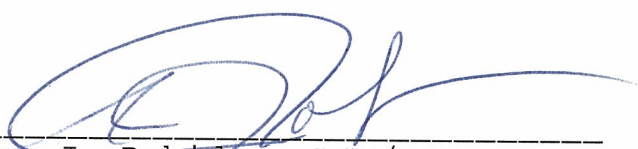
18 CHAIRMAN GETZ: All right.
19 Thank you, everyone. Then we'll close the
20 prehearing conference and take the matter under
21 advisement and wait for a recommendation. Thank
22 you.

23 (WHEREUPON, the hearing was adjourned
24 at 10:21 a.m.)

C E R T I F I C A T E

I, Susan J. Robidas, a Licensed
Shorthand Court Reporter and Notary Public
of the State of New Hampshire, do hereby
certify that the foregoing is a true and
accurate transcript of my stenographic
notes of these proceedings taken at the
place and on the date hereinbefore set
forth, to the best of my skill and ability
under the conditions present at the time.

I further certify that I am neither
attorney or counsel for, nor related to or
employed by any of the parties to the
action; and further, that I am not a
relative or employee of any attorney or
counsel employed in this case, nor am I
financially interested in this action.



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